

Letter to Doosan Enerbility Shareholders

**Doosan Enerbility
Business Restructuring
through Spin-off & Merge**

**Leaping Forward as
a Global Clean Energy Leader**

2024. 08. 04.

DOOSAN

Dear Esteemed Shareholders,

In the past few years, Doosan Enerbility Co., Ltd. (the “Company” or “we”) faced significant financial challenges, but thanks to our shareholders’ active participation in the paid-in capital increase, we were able to normalize operations and successfully exit the creditor management program in just 23 months—a remarkable achievement. We extend our sincerest gratitude for your support, which has laid the foundation for our current growth trajectory. At the same time, we are cognizant that there are concerns among our valued shareholders due to our insufficient communication in advance regarding the recent business restructuring. However, please be assured that the Company’s decision was made after careful review and deliberation, and through this letter, we would like to clarify that the proposed restructuring will benefit both shareholders and the Company.

The Company is currently well positioned to seize unprecedented opportunities in the global nuclear power industry. Domestically, the Company has secured projects for two units with the resumption of the Shin-Hanul Units 3 and 4. Internationally, by being selected as the preferred bidder for the Czech Republic’s nuclear power plant project, the Company plans to supply reactors, steam generators, and turbines & generators for up to four units and participate in large-scale constructions. Our competitive advantage over established nuclear powerhouses in France and the U.S. enhances our prospects for future projects. “Team Korea” is focusing on opportunities in Poland, the UAE, and Saudi Arabia, where additional orders are likely, with potential new orders from the UK, Sweden, and the Netherlands. Including orders from the Czech Republic, we expect to secure further orders for approximately 10 units over the next five years.

In addition, the Company has recently obtained a certification from the Romanian nuclear regulatory authority for its Small Modular Reactor (“SMR”) business, which is envisioned as a future growth driver. This has led the Company to capture an opportunity to play a pivotal role in NuScale Power’s first SMR construction project in Romania. SMRs

have recently garnered significant interests from global technology giants as a viable solution to meet AI power demands, and this certification serves as a strategic milestone for the Company, enabling it to expand and accelerate its SMR business. We aim to secure orders for around 62 reactor modules over the next five years. However, due to the increasing power demands from data centers and domestic innovative SMR constructions, the Company may exceed this target, necessitating thorough preparations to secure additional production capacity.

The anticipated orders significantly exceed our current manufacturing capacity for key nuclear plant components. Therefore, over the next five years, the Company aims to secure facilities capable of producing four or more large-scale nuclear power plants per year and expand our SMR production facilities to the world's largest scale of 20 units per year. With a strategic investment of approximately KRW 800 billion in the high-value and high entry barrier nuclear sector, the Company originally projected its nuclear business market share to triple. However, as the market demand is increasing more rapidly than expected, it will require the Company to be more flexible and responsive. Hence, securing additional funding capacity through cash reserves and other means is crucial for acquiring new technology and timely expansion of production facilities.

Given the foregoing, the current business restructuring is a strategic measure to secure the necessary resources for growth. Although holding a stake in Doosan Bobcat Inc. ("DBI") provides some ease in offering collateral for credit enhancement, the subsidiary's equity itself does not increase our borrowing limit because it has low actual collateral value. By proceeding with the spin-off, the Company's debt would decrease by KRW 0.7 trillion, improving various financial indicators such as debt ratio and interest coverage ratio. Additionally, by divesting non-operational assets, the Company could secure an additional KRW 0.5 trillion in cash. Ultimately, this restructuring could provide approximately KRW 1 trillion in funding capacity for additional investments through the increased borrowing capacity created by reduced debt of KRW 0.7 trillion and additional cash of KRW 0.5 trillion. This newly increased investment capacity can be deployed swiftly

to expand our production capacity, enabling the Company to meet market demands on time and accelerate growth momentum.

The Company understands that some shareholders may be concerned about the potential decrease in dividend income and the resulting decline in operating profit. However, dividend income fluctuates annually with business performance of DBI, and is insufficient to meet our investment needs. By investing the KRW 1 trillion secured from restructuring into future growth drivers, the Company is confident that it can generate higher returns than dividend income and accelerate growth.

We recognize shareholders' concerns regarding the spin-off ratio. However, this is based on the undervaluation of the upward potential of the Company's share price from the reduction in the number of shares after the merger. Since we plan to divide the Company (business entity) and DBI (investment entity) through a spin-off, shareholders' value before and after the spin-off remains unchanged. While being cautious of overgeneralization, stock prices are ultimately determined by the company value and the number of shares. When DBI is spun off, the spin-off ratio will be determined based on the net asset value, resulting in a 25% reduction in the number of shares of the Company. On the other hand, since the company value (the market capitalization) decreases by only 10%, the per-share value of the Company at the time of re-listing could increase by the difference between these two ratios. Given that the spin-off ratio is determined based on the net asset value, a generally accepted method of such determination, it is a fair method that does not infringe on shareholders' interests. Moreover, considering the additional room for growth from securing investment resources through restructuring, the Company's value may increase further.

Today, as we stand at a critical juncture in our journey to become a comprehensive clean energy leader, your continued support is crucial for driving our collective success and securing a brighter, sustainable future.

For the nuclear steam turbine market, which is accessible regardless of the type of reactors, the Company is preparing to collaborate with other types of reactors including Westinghouse to promote a dedicated steam turbine business in Europe, North America, and the Middle East, in addition to the large-scale nuclear power plant projects pursued by “Team Korea”. We are also discussing projects with NuScale Power, TerraPower, and Rolls-Royce for SMR steam turbines.

Regarding gas turbines, our independent development and demonstration of Korean gas turbines have resulted in securing orders worth KRW 1 trillion in the last year alone. As mentioned in the 11th Basic Plan of Long-Term Electricity Supply and Demand (draft), the expected acceleration in the conversion of old domestic coal-fired power plants to LNG, along with potential exports, suggests the possibility of securing orders for 105 gas turbines by 2038.

We are also accelerating the development of hydrogen turbines, a zero-carbon power source, and we aim to develop 100% hydrogen-fired turbines. We are preparing for future opportunities in the hydrogen turbine business, by progressing faster than that of advanced OEM competitors.

Besides, supplying Doosan gas turbines will lead to the establishment of long-term service contracts, where leading global players are securing stable revenues and high profitability (30-40%). We expect to recognize KRW 1 trillion of average revenue per year from the gas turbine service business in approximately 10 years.

As you are aware, the proposed business restructuring will be concluded based on the shareholders’ opinions at the upcoming general meeting. We acknowledge that shareholders may have differing views on this restructuring and various concerns. We sincerely apologize for not being able to address all of these concerns completely. Nevertheless, in light of the broader circumstances, we firmly believe that this restructuring is a crucial and timely opportunity to align the interests of shareholders

with our vision for growth and eventually enhance the shareholder value.

In closing, we would kindly ask for your support in this initiative, as it holds the potential to propel the Company towards its goal of becoming a global leader in clean energy. Thus, your support is essential for us to seize this pivotal momentum and ensure a brighter, sustainable future for both shareholders and the Company.

Thank you.

Sang Hyun Park

CFO & President

Doosan Enerbility

We look forward to your strong support.

Thank you.

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